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SIPDIS

E.O. 12958: DECL: 2019/08/30
TAGS: [ETRD](#) [EWWT](#) [PREL](#) [KNNP](#) [MU](#)
SUBJECT: FUTURE OF SFI IN SALALAH, OMAN

REF: A. IIR 6 874 0200 09; B. MUSCAT 845

CLASSIFIED BY: Victor Hurtado, CdA, Department of State, Embassy
Muscat; REASON: 1.4(B), (D)

¶1. (C) Summary: The Secure Freight Initiative (SFI) in Oman came to a temporary halt at the end of June when the Port of Salalah informed the Embassy it would no longer allocate resources to the effort, as there was not agreement on project scope, criteria and timeline. In an August 26, 2009 meeting with the CEO of Salalah Port Services, Martijn Vandelinde, Embassy officials convinced him to agree to allow a six-month test of SFI/Megaports at the port. While maintaining the redline that in order to keep the mobile radiation detection and identification (MRDIS) monitors permanently in place on the quay, there would need to be zero impact on operational productivity, he conceded that both sides need the data from the testing process in order to make further decisions about a way forward. With certain conditions, he acceded to allowing the testing to take place, even though there is not currently agreement between the USG and the port on what will happen at the end of the trial period. Vandelinde understands that the official agreement for the project is between the USG and the GoO and thus cannot be modified without the concurrence of all parties. End Summary.

Port Letter putting SFI on "hold"

¶2. (C) Following the Embassy receipt of a June 30 letter from the Port of Salalah (PoS) stating that "until such a time that a clear understanding is reached regarding project scope, success criteria, and testing timeline, the Port of Salalah has no choice but to direct its resources towards other business matters," Department of Energy (DoE) personnel followed up with PoS operations management and learned that the port did not intend to cooperate with the System Level Acceptance Testing (SLAT) testing of the MRDIS units, scheduled for July. As the SFI/Megaports MOU is between the USG and the GoO, Embassy officers followed up with the Omani Director General of Royal Oman Police (ROP) Customs, Brigadier General Issa al-Kiyumi. He said that the port "can not do this," as it was "Omani soil" and a "security issue." However, al-Kiyumi, who was on vacation at the time, did nothing to resolve the issue.

We really want to help...

¶3. (C) Vandelinde requested the August 26 appointment (a first for him) and did not put forth a specific agenda prior to the meeting. During the meeting with the Charge', Pol/Econ Chief, and econoff, he maintained that there must have been "some misunderstanding," as the port has always wanted to cooperate with this project. He concurred that a trial or pilot period would be useful to all and

is willing to be a part of this process, provided the USG met his requirements to agree to scope, criteria and timeline.

...but No Impact on Operations

14. (C) However, Vandelinde cited business pressures including the global economic downturn and stiff competition from Jebel Ali in Dubai as reasons that he cannot allow a permanent SFI/Megaports presence at the port if it impacts his operational bottom line. When asked specifically about a requirement attributed to him by his staff, that there be zero impact on operational productivity, he emphasized that this was true, as he cannot afford any loss of efficiency. When further pressed about whether SFI could absorb any port resources, he specified that operations both at the ship (containers per crane per hour) and in yard must remain constant. (Note: Salalah currently has a dwell time of a day or more for most containers, thus using some measures, SFI might not impact operational productivity. End Note.) While agreement was not reached on the outcome of the project at the end of six months if its criteria were not met, it was agreed that as long as there was a check-point/evaluation process at the middle and end of the trial, the testing could proceed.

CEO Disappointment over lack of ROP involvement/reaction

15. (C) Vandelinde acknowledged that one of his motivations for sending the June letter was an attempt to get a reaction from the GoO, particularly ROP Customs, and he expressed strong disappointment that none was forthcoming. He claimed that he has never spoken with anyone at the ROP about this project. He did recount a conversation with H.E. Said al-Harthy, Undersecretary for Ports at the Ministry of Transportation and Communication (MOTC), where Vandelinde thought that al-Harthy was not very engaged on the topic of SFI. It was agreed that both the USG and the port would need to press ROP Customs to gain their necessary engagement for the project to be successful. He said that the port contracts with SSS to guard the perimeter of the port and suggested that the USG consider using SSS guards for SFI scanning as a potentially more responsive component of the ROP. (Note: SSS is officially referred to as "al amin wa al salamah," which translates roughly to security and peace, although it is sometimes referred to as "private security force." SSS members are not police officers, but the organization itself is part of, and administered by the police pension trust which is run by officers of the ROP. SSS members wear uniforms, carry guns and are authorized to use deadly force to engage anyone attempting to unlawfully enter or damage their assigned site (ref A). SSS is also providing apparently effective and responsive escort services for embarked security teams transiting Salalah (ref B). End Note.)

Plan to Move forward

16. (C) Vandelinde agreed to a trial period, and when pushed, acceded to a length of six months. (Note: Operations management at the port had told DoE officials that six weeks to three months might be acceptable, so the CEO may try to back away from the six-month timeframe at some point. End Note.) He concurred with USG and Port Operations assessment that the trial should begin after the integration of the MRDIS software with the terminal operating system (NAVIS) at the port. The next release of the NAVIS software is scheduled for October 23, after which the port will have to test and implement the upgrade prior to integration with the MRDIS. The CEO agreed that this constraint, coupled with the December holidays, would like push the trial period to January of next year. However, he allowed that DoE officials may continue

to maintain and do component testing on the MRDIS as needed between now and the beginning of the operational trial.

17. (C) Embassy officials and Vandelinde agreed that the immediate next step would be to assemble a group with representatives from each entity to agree on a workplan, timeline and criteria for the test period. After a joint plan is developed, it was agreed that a high-level meeting should take place, including Omani officials from both ROP Customs and MOTC, to endorse the plan before moving forward. Vandelinde wants a high-level review of the project at three months and at the end of the six month period, with working level reviews and adjustments at the end of each port data trending cycle.

18. (C) Comment: Vandelinde is first and foremost a businessman who was brought in to increase efficiency at the Port of Salalah. His insistence that SFI operations not impact productivity is a necessary business requirement for him during a time of economic recession and extreme price cutting by his major competitor at Jebel Ali. His attempt to claim that he has always wanted to cooperate is likely the result of being counseled by PoS's corporate parent, APM, to participate. He fundamentally believes (and regularly explains) that scanning on the quay is not the right solution for transshipment as that is the busiest location in a transshipment port. He would prefer scanning in the yard, or the development of not yet feasible technology to scan at some other location. Although he will comply if forced by the GoO, the uncertainty of the future of the SFI legislation and 100% scanning requirement make it extremely difficult to press a business case for the use of scarce port resources on this project. If the GoO maintains its current posture of wanting the project, yet failing to allocate necessary resources, it is unlikely the MRDIS will be able to be maintained in Salalah after the six month trial period. End Comment.
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